

# Fiscal Note

*Fiscal Services Division*



---

**SF 302** – Endow Iowa Tax Credit Limit (LSB 1991SV.1)

Analyst: Kenneth Ohms (Phone: 515-725-2200) ([kenneth.ohms@legis.state.ia.us](mailto:kenneth.ohms@legis.state.ia.us))

Fiscal Note Version – Revised

---

## **Description**

**Senate File 302** increases the annual limit for the Endow Iowa Tax Credit Program by \$800,000. The change is retroactive to January 1, 2011. The increase also increases the maximum amount of tax credits for an individual taxpayer from \$135,000 to \$175,000.

## **Background**

The Endow Iowa Tax Credit is awarded by the Department of Economic Development and is equal to 25.0% of a taxpayer's endowment gift to a qualified community foundation. The maximum amount of tax credits awarded to a taxpayer is limited to 5.0% of the aggregate amount of tax credits authorized.

The Endow Iowa Tax Credit authorized limit has been adjusted historically as follows:

- 2003 Legislative Session: House File 683 created the Endow Iowa Tax Credit and established an annual limit of \$2.0 million.
- 2009 Legislative Session: Senate File 478 increased the limit to \$3,000,000.
- 2010 Legislative Session: Senate File 2380 decreased the limit to \$2,700,000.

## **Assumptions**

- The limit applies on a calendar year basis.
- The limit will increase for tax years beginning January 1, 2011.
- Endow Iowa Tax Credits are claimed on final returns.
- The Tax Credits will be claimed at a rate of 80.0% of the awarded amount through the end of the five-year carryforward period.
- The historic claim rates for each year will remain constant.

## **Fiscal Impact**

The maximum impact will be a reduction in General Fund revenues of \$800,000 beginning in FY 2012. However, based on actual experience, only 80.0% of the credit amount is typically claimed by the end of the five-year carryforward period and will likely result in the following General Fund revenue reduction amounts:

- FY 2012 – a reduction of \$291,000
- FY 2013 – a reduction of \$527,000
- FY 2014 – a reduction of \$562,000

## **Sources**

Iowa Department of Revenue  
Iowa Department of Economic Development

---

March 16, 2011

---

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

---